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September 11, 1995

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

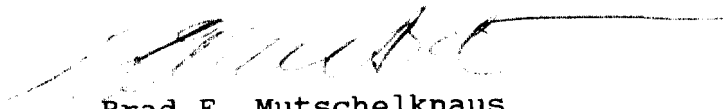
Re: Ex Parte Presentation -- CC Docket No. 92-77

Dear Mr. Caton:

John Summers of AmeriTel Pay Phones, Inc. and I met with Marybeth Richards and Bob Spangler of the Common Carrier Bureau this afternoon to discuss billed party preference. AmeriTel's presentation was consistent with its comments filed in the above-captioned proceeding and the attached handout.

Pursuant to Section 1.1206 of the Commission's rules, an original and one copy of this letter are being filed.

Sincerely,


Brad E. Mutschelknaus

cc: Marybeth Richards
Bob Spangler

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

*SUBMISSION OF
AMERITEL PAY PHONES, INC.*

FCC DOCKET NO. 92-77
September 11, 1995

AmeriTel Pay Phones, Inc. is an interexchange carrier which specializes in providing operator assisted long distance services to confinement facilities. AmeriTel provides sophisticated call processing equipment and services to over 580 city and county jails located in Missouri, Kansas, Idaho, Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Arkansas, Michigan, Indiana, Ohio, Mississippi, Louisiana, Texas, Colorado, Utah, Illinois and Oklahoma.

DOJ OPPOSITION

"'Billed Party Preference' . . . would require prisons and jails to change systems currently used to screen and block inmate telephone calls. The Bureau of Prisons and a number of correctional facilities believe that the new rule would seriously impact their ability to control inmate calls, resulting in increased criminal activities over the telephone. I urge you not to apply the new rule to correctional facilities."

Excerpt from a letter dated October 31, 1994 from Janet Reno, Attorney General of the United States, to FCC Chairman Reed Hundt, transmitting comments of the Federal Bureau of Prisons and the Office for Victims of Crime, opposing BPP.

**BPP SHOULD NOT BE ADOPTED
IN THE PRISON SUBMARKET**

The prison market is unique

- Institutions need control over calling to minimize and detect crime by telephone
- Institutions need control over calling to prevent harassing calls to victims, judges, police and prosecutors
- Institutions need access to information about calling patterns to assist in escapes and emergency situations
- Administrators are accountable to inmate families, elected officials and the public
- Present system most efficient -- the institution receives necessary equipment and support from one provider with a contractual obligation to the institution

The perceived failures of the operator services market are not present in the prison submarket

- Access code dialing is not permitted; there is no need to simplify dialing from a prison environment
- Proprietary calling cards do not give AT&T an unfair advantage in competing for prison contracts
- Administrators are effectively exercising their ability to control rates

Network based solutions are insufficient

- Inmates will "carrier shop" to exploit least protected ixcs
- ANI-29 identification does not permit different treatment of individual inmates or individual institutions that may be necessary
- Most institutions cannot afford to purchase and maintain CPE

**BPP OR A RATE CAP IS NOT NECESSARY
IN THE PRISON SUB-MARKET**

Approximately 60% of AmeriTel's present traffic is covered by dominant carrier rate caps. Calls not subject to rate caps do not exceed AT&T rates by more than 25%. The company has never charged more than the AT&T person-to-person surcharge.

Prison administrators are exercising their power to control rates

- State correctional authorities in California, Maine, Nevada, New York, Oklahoma, Pennsylvania, South Carolina, South Dakota, and Washington stated in comments that their current contracts require rates at or below dominant carrier rates
- Numerous local correctional facilities identified similar provisions in their contracts
- 77% of RFPs since January 1993, as surveyed by VAC, required rates at or below dominant carrier rates; An additional 9% of RFPs were awarded to an IXC who offered such rates

**BPP WILL RESULT IN A DECLINE
IN TELEPHONE SERVICE TO INMATES**

Prior to the emergence of ICS Providers, telephone service to inmates was severely restricted

- Many institutions limited inmate calls to 1 call per week or 1 call per 90 days. See Comments of the Arlington County (VA) Sheriff's Department; Tarrant County (TX) County Commissioner.
- Limited availability of inmate telephones, and many rural institutions provided no service at all. See Comments of the South Carolina Jail Administrators Association; American Jail Association.
- Telephone service was viewed as "a difficult and time consuming chore." Comments of San Jacinto County (TX) Jail.

Facilities could not support existing services under BPP

- State institutions' cost estimated at \$1 million per year for "basic" services, \$4.5 million or more for the existing level of services. Comments of the South Carolina Department of Corrections; Florida Department of Corrections.
- Most facilities will replace automated equipment with direct supervision of a Corrections Officer. See Comments of Monmouth County (NJ) Correctional Institution; California Department of Corrections; County of Nevada (CA) Sheriff-Coroner; American Jail Association.
- Result will be "major cutbacks in the number of phones, access to phones, and the ability to provide quality phone services to inmates." Comments of the Oklahoma Department of Corrections; Larimer County (CO) Detention Center.

Other inmate rehabilitation and education programs will suffer as well

- 65-90% of Inmate Program Funds for some facilities comes from telephone commissions. Comments of Kern County (CA) Minimum Security Facility; Mendocino County (CA) Correctional Facility; Orange County (CA) Sheriff-Coroner Department.

**USING PRISON CPE AS A BPP
SUBSTITUTE IS NOT FEASIBLE**

Current technology does not enable ICS providers to offer prisoner presubscription

- Equipment does not allow call routing to vary according to which individual prisoner places a call

Carrier selection by individual prisoners is not administratively feasible

- Particularly in local and county jails, many prisoners are incarcerated for only a few hours or days
- Constantly churning jail population would require continual switch updates and enormous record-keeping

Prisoner presubscription would eliminate the incentive to ICS' providers to install prison phone systems

- Proposal would eliminate the ICS Providers' leading source of revenue; i.e. payment for provision of collect calling services

Prisoner presubscription would eliminate critical call control functionality

- ICS Providers would lose the capability of limiting calling destinations and tracking calling patterns

The APCC rate cap proposal is a preferable solution to perceived overcharging in the ICS industry

- Reasonable rate caps preclude overcharging while preserving the important services provided by ICS Providers